



Road Fund Enhancement Initiatives Weight Distance Tax (WDT) & Trip Tax Update to Legislative Finance Committee July 9, 2009



Issue: Declining Road Fund Revenues

Gas Tax – Revenues Flat

WDT & Special Fuel Taxes – Revenues Down

- **Down Approximately 20%-25%**
- **Traffic Counts Down – East Bound Down more than West Bound**
- **Freight Coming into California Ports Down**
- **Rail Freight Down**

Trip Tax – Revenues Slightly Up

- **Increased Enforcement by MTD at Ports**

Compliance is Critical for Revenue Stream to Road Fund

Road Fund (WDT & Trip Tax) Collection Initiative



Collaborative
Effort Between
TRD, Motor
Transportation
Division of
DPS, and
NMDOT

NM is One of
Only Four
States
(Oregon,
Kentucky, New
York) who
Administer a
Weight
Distance Tax

Other 46
States Apply a
Much Higher
Registration
Fee on
Commercial
Vehicles

100% of WDT
and Trip Tax
Revenues goes
to State Road
Fund –
estimated \$88
million yearly

Weight Distance Tax Vs Trip Tax

Weight Distance Tax:

- Commercial Vehicles Must be Registered with WDT Program
- Purchase of WDT ID Permit (E-Permit)
- Report and Pay WDT Quarterly Based on Miles Traveled and Weight of Vehicle

Trip Tax:

- Applied to Commercial Vehicle not Registered with WDT in NM or have NM listed on International Registration Plan (IRP)
- Assessed at Port-of-Entry Based on Estimated Miles to be Traveled in NM and Weight of Vehicle
- Approximately 10 Times Greater than WDT Rate

WDT Vs. Registration Fee

LOCAL AREA COMPARISON TRUCK COSTS PER TRUCK

Annual State Highway User Taxes

On a Typical 5-Axle Tractor-Semi Trailer at 80,000 lbs Traveling 80,000 miles

State	Registration Fee *	Fuel Tax	WDT	Total Annual Fees
California	2,756	7,659 (0.3670)	-	\$ 10,415
Arizona	3,960	5,496 (0.2600)	-	\$ 9,386
Utah	1,821	5,133 (0.2450)	-	\$ 6,934
Colorado	4,277	4,278 (0.2050)	-	\$ 8,555
Texas	857	4,174 (0.2000)	-	\$ 5,031
Oklahoma	993	2,713 (0.1300)	-	\$ 3,706
New Mexico	179	4,774 (0.2288)	3,502	\$ 8,466

* Apportioned based on Mileage

Key Events Impacting WDT & Trip Tax Collections and Enforcement

CR England Lawsuit Filed June 9, 2000

- filed pertaining to validity of “Cab Cards”
- MVD Discontinues \$5 Annual Filing Fee for Cab Card in FY01
- Decline in WDT and Trip Tax Revenues

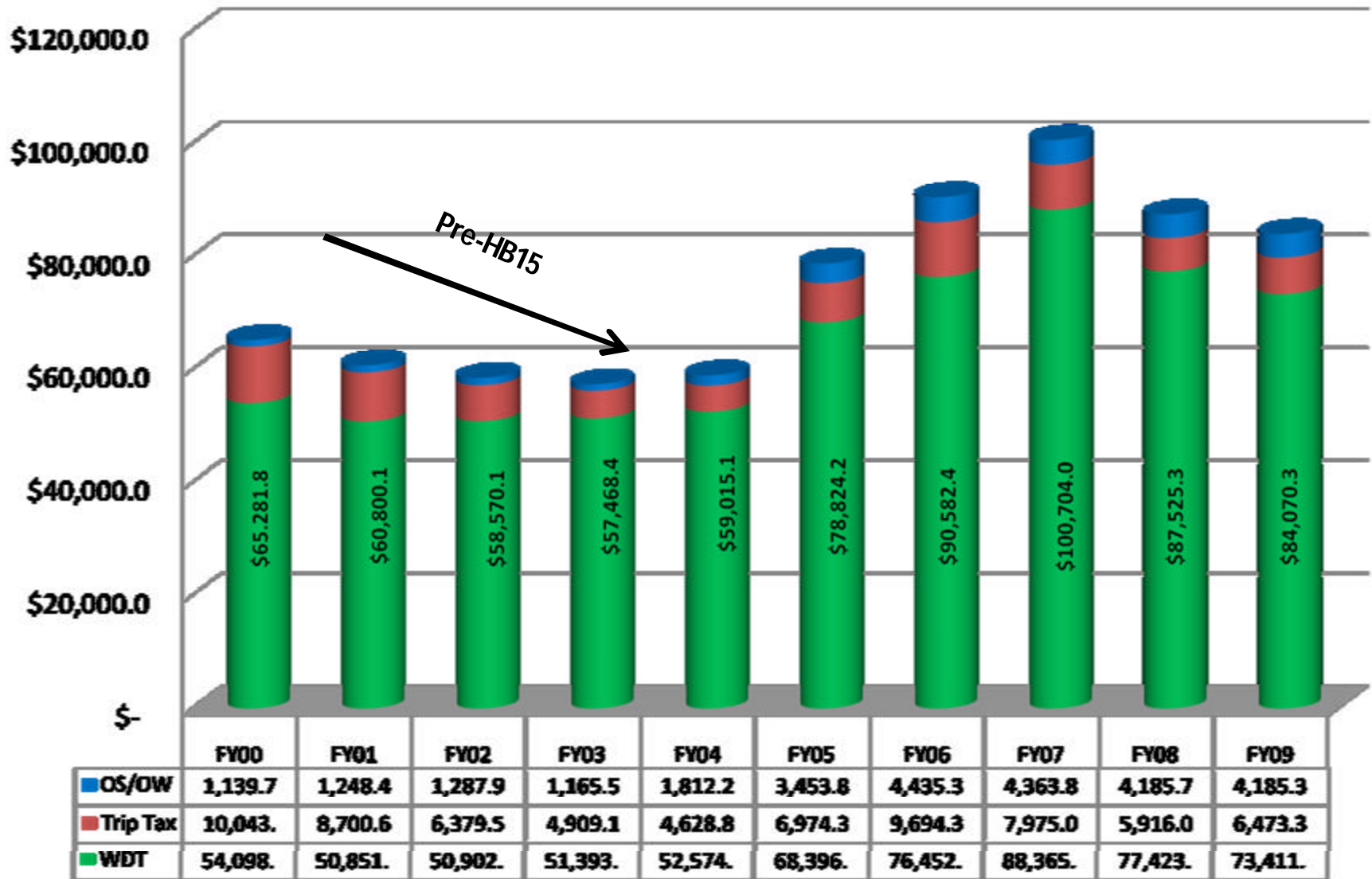
HB 15 - 2003 1st Special Session

- Redesign of WDT Permit
- 38% Across the Board Increase in WDT Rates

Federal SAFTEA-LU Legislation – Effective 6/1/2008

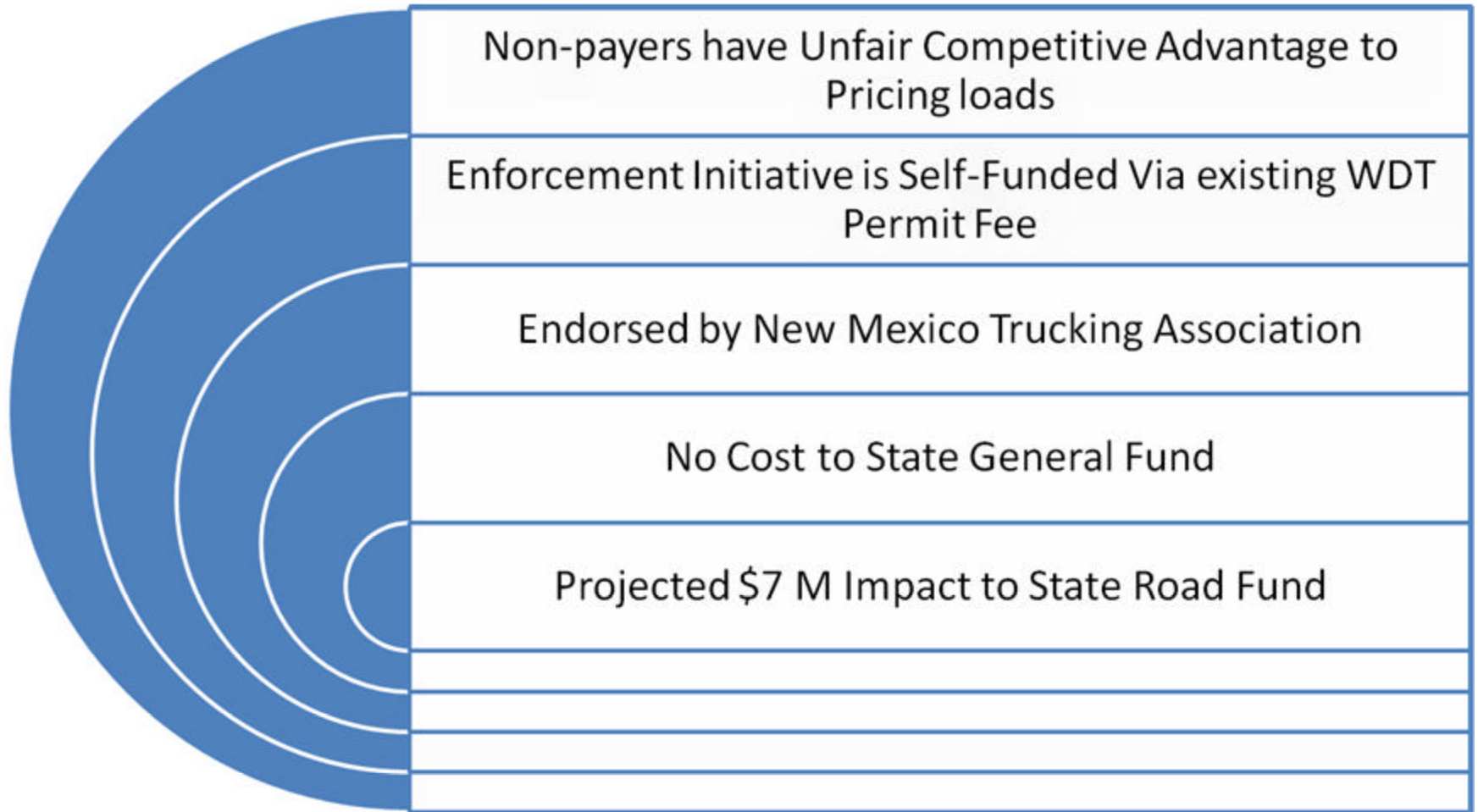
- Prohibits States from requiring carriers to have any other documents other than International Registration Plan (IRP) and International Fuel Tax Agreement (IFTA)
- Redesign and Implementation of E-Permit

WDT, Trip Tax, & Over Size /Over Weight Revenues

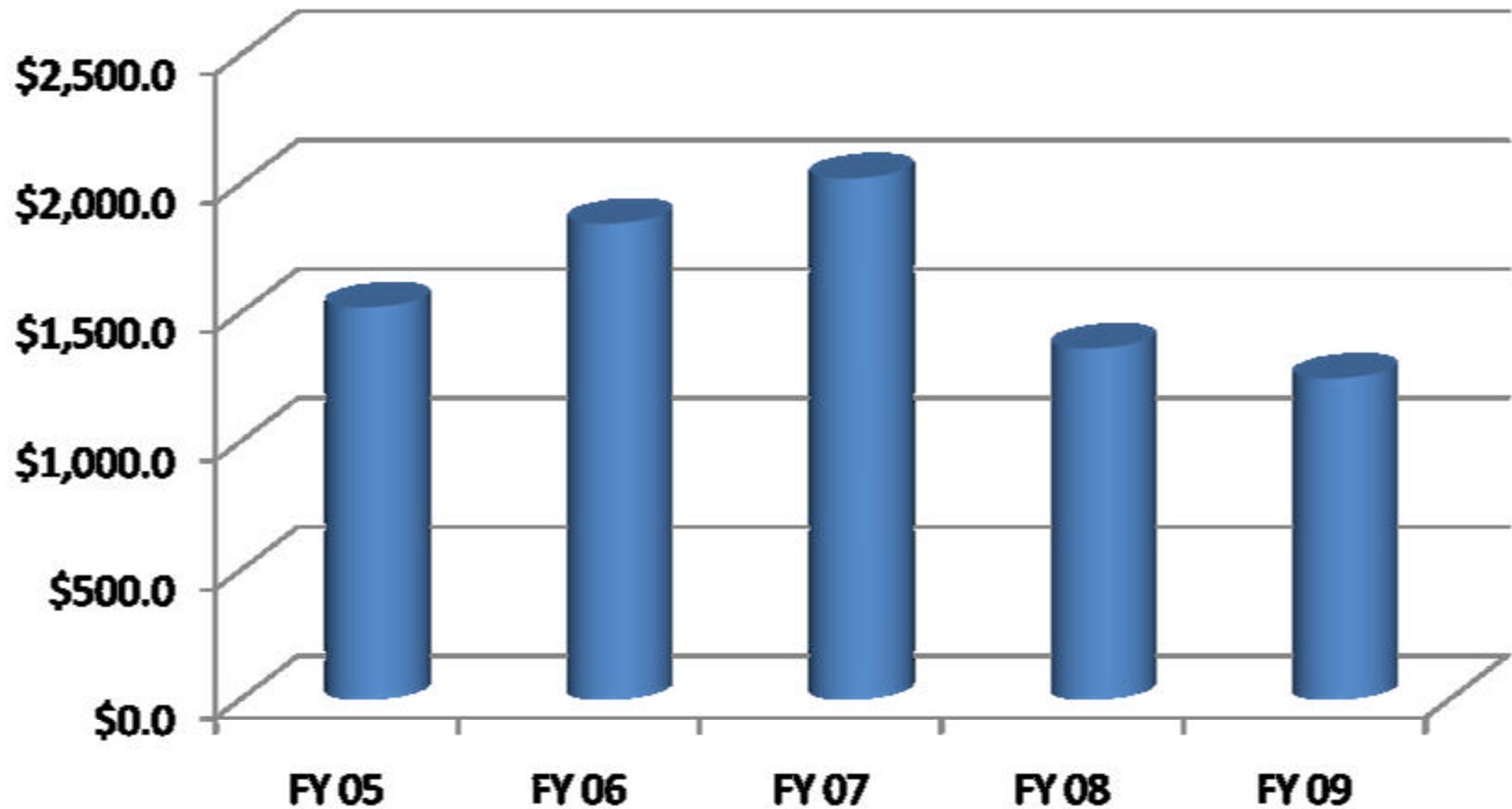


38% WDT Increase Effective July 1, 2004

WDT Enforcement Initiative Plan



WDT Permit Fee Revenues



Multi-Agency WDT Task Force



Monthly Meeting between Senior Staff at TRD, MTD, and NMDOT

- Oversight of WD ROI Plan
- Increased Communications
- Problems Solution
- Identify Opportunities



Creation of WDT Workgroup to Include TRD (MVD, ACD, RPD) & MTD Port of Entries

- Allows front-line staff (auditors, collectors, Port of Entry Staff) to meet and discuss problems, issues, and recommend solutions



Increased Relations with Trucking Industry

- Establish New Toll Free Number and IVR System to better direct calls to right functional areas
- Increased Utilization of Electronic Communication (Email)
- Promote of Electronic Filing

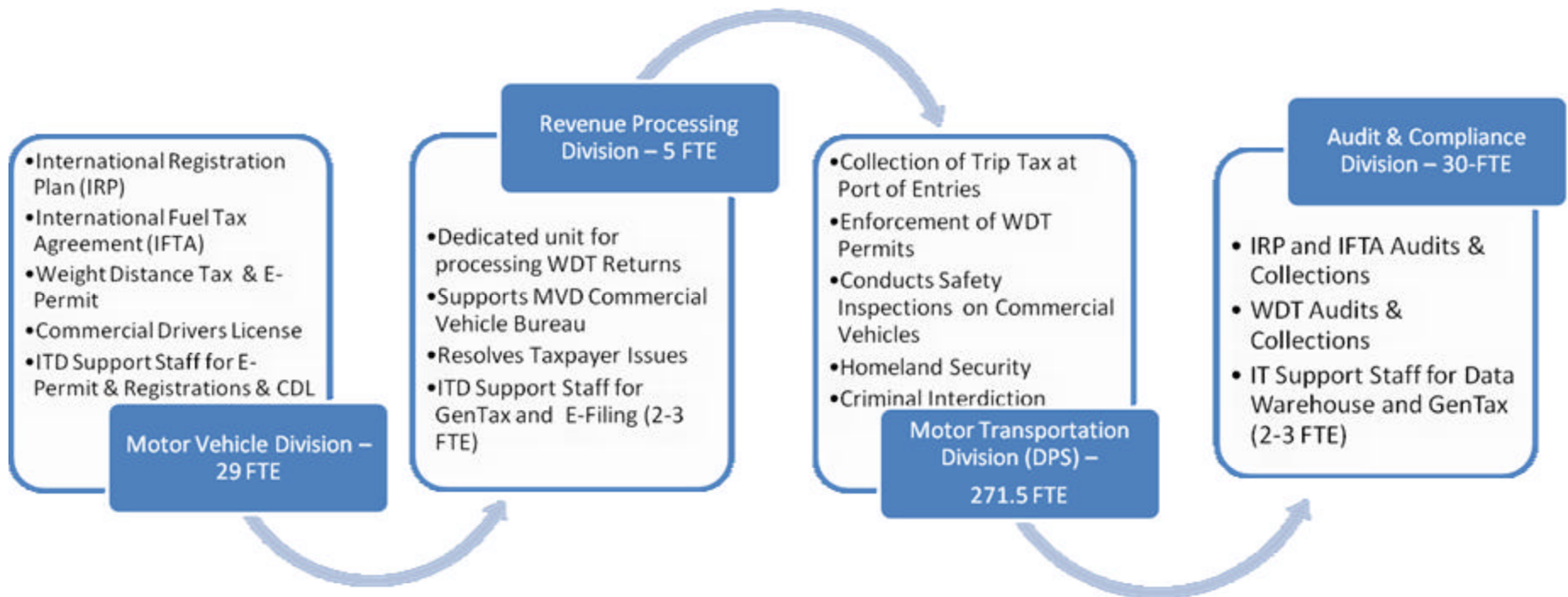


Increased New Mexico Highway Safety

- Utilization of Technology to Enable MTD to Focus Resources on Highway Safety



Trucking Industry Relations



Road Fund Enhancements: WDT ROI Initiative

MVD One Stop Field Office: \$500.0 in FY10

- Valdez Business Park in Santa Fe
- Improved Customer Service by Consolidating Commercial Vehicles & Drivers Staff in Same Location
- RFP Planned Issued: Mid July 2009
- Response to RFP Due: Mid August 2009
- Planned Contract: Mid September 2009
- Estimated Construction: 10-12 Months



Road Fund Enhancements: WDT ROI Initiative

WDT Processing Unit: 5 FTE - \$200.0/Yearly

- Specifically Requested by NM Trucking Association
- Process WDT Quarterly Returns & Payments
- Perform Error Corrections on WDT Returns
- Provide Taxpayer Assistance on WDT Accounts
- Support MVD Commercial Vehicle Bureau



Road Fund Enhancements: WDT ROI Initiative

MTD License Plate / DOT Reader Project

- 10 Port of Entry Electronic License Plate / DOT Readers (3 Fed Funded)
 - FY10 \$1,300.0 and FY11 \$825.0
- Anthony & Gallup Install – Estimated Completion Date: Sept 30, 2009
- Remaining Ports Completed by September 30, 2010
- 2 Mobile Electronic License Plate / DOT Readers -
 - In-State Compliance
 - FY10 \$435.0
- Reader Maintenance Program –
 - \$200.0 Annually beginning in FY11
- Equipment Replacement Plan -
 - \$200.0 Annually beginning in FY11



Road Fund Enhancements: WDT ROI Initiative

Audit & Compliance Division WDT Audit Program

- **FY10/FY11 Cost: \$400.0 Yearly**
- **Hiring Plan for 4 TERM and 5 PERM (New FY10) FTE**
- **65 New WDT Field and Desk Audits Annually**
- **Average Out-of-State Audit Assessment \$14,000**
- **Average In-State Audit Assessment \$800**
- **Active Audit & Compliance Function Effects Overall Tax Compliance**
- **FY12 – Potential Expansion**
 - **Dependant on Assessment of Program**



Road Fund Enhancements: WDT ROI Initiative

Audit & Compliance Division Data Warehouse – \$340.0

- **TRD has implemented a Compliance Data Warehouse to enhance the ability to identify and collect unpaid taxes. Internal and external data sources are loaded into the warehouse which has the capability to automatically match and compare third party data to TRD data to determine tax deficiencies due to under reporting, failure to file, or other non-compliance issues.**
- **Enhancement to Data Warehouse Received DoIT Project Certification**
- **Utilize Data from MTD Enforcement Efforts and License Plate / DOT Readers Data , GenTax & International Fuel Tax Agreement (IFTA)**
- **Compare & Score Taxpayers to ID Non-registered, Non-filer, & Mismatch WDT taxpayers located both in and out of state**
 - **Field and Desk Audit Selections**
 - **Project Letter Selections**

MTD FY09 Port of Entries

WDT Enforcement Operations

- Enforcement Blitz
 - WDT and Trip Tax Compliance
 - Safety of New Mexico Highways
- 3 Operations at Major Ports of Entry
- 1 Operation in Various Lea County Locations
- **Gallup – 8 Drug Seizures: 515.2 lbs Marijuana / 226 lbs Cocaine**

WDT Non-Filers	WDT Zero Filers	Carriers Detained for Back Taxes	Safety Inspections Conducted	§65-1-26 Citations Issued	Vehicles Out-of-Service (Safety)	Drivers Out-of-Service (Safety)
364	1,380	141	2,212	1,336	223	151

MTD “No Tax No Tolerance”

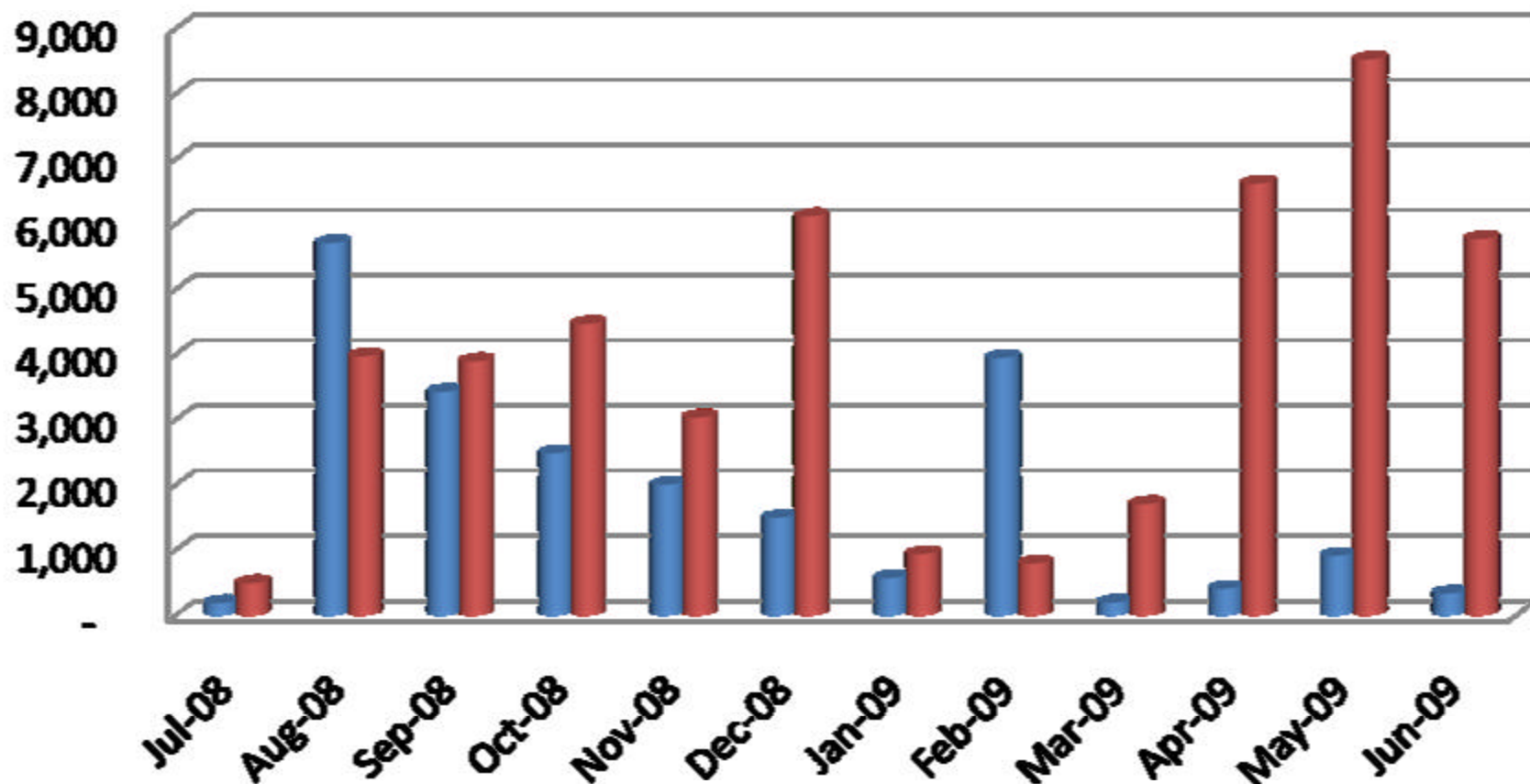
Intrastate Operation

- 8 Day Enforcement Blitz in the Albuquerque Metro Area & Santa Fe Area on Intrastate Commercial Vehicles
- Only 45% of CV identified w/out WDT Permit Stopped due to lack of Manpower
- Identified Major WDT Compliance Issue w/Intrastate Commercial Vehicles
 - 2 Mobile License Plate /DOT Readers will Help Increased Compliance

CV w/out WDT Permit	Stopped w/out WDT Permit	CV Towed For No WDT Permit	Safety Inspections Conducted	§65-1-26 Citations Issued	Safety Citations Issued	Vehicles Out-of-Service (Safety)	Drivers Out-of-Service (Safety)
322	146	140	301	135	183	32	10

MTD WDT Enforcement Operations – FY09

Non Filers / Zero Filers



	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09
Non Filers	180	5,706	3,422	2,482	1,998	1,490	566	3,942	189	400	908	328
Zero Filers	487	3,968	3,891	4,465	3,029	6,120	933	789	1,699	6,617	8,522	5,769

WDT/Trip Tax Performance Matrix

Increased Tax Collections

- **WDT Collections over Baseline**
- **MTD Trip Tax Collections over Baseline**

MVD WDT Permit Suspension Project

- **WDT Collections**
- **WD Permits Suspended**
- **Accounts Cleared**

MTD Enforcement Efforts

- **Citations Issued**
- **Citations Dismissed**
- **Safety Inspections Conducted**

ACD Audit Efforts

- **Instate Audits Conducted**
- **Out-of-State Audits Conducted**